

Message Text

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ACTION XMB-04

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PASS EXIM BANK

E.O. 11652: N/A
TAGS: BEXP, GY
SUBJECT: BANKS DIH BREWERY EXPANSION PROJECT

BEGIN SUMMARY. ON AUGUST 23, PETER D'AGUIAR, CHAIRMAN OF BANKS DIH LTD., THE SOLE BREWERY AND THE LARGEST PRIVATE SECTOR ENTERPRISE IN GUYANA, CALLED AT EMBASSY TO EXPLAIN HIS FIRM'S EXPANSION PLANS AND HIS HOPE FOR EXIM BANK SUPPORTED FINANCING. ON AUGUST 25, THE MARKETING DIRECTOR OF BARRY-WEHMILLER, THE PROSPECTIVE US SUPPLIER, MADE A SIMILAR CALL, STRESSING THE NEED FOR EXIM BANK SUPPORT FOR ANY SALE TO GUYANA. THE EMBASSY SUGGESTED THAT BARRY-WEHMILLER MAKE A FORMAL APPLICATION TO THE EXIM BANK. END SUMMARY.

1. DURING A CALL AT THE EMBASSY AUGUST 23, MR. PETER D'AGUIAR, CHAIRMAN OF BANKS DIH LTD., DESCRIBED HIS FIRM'S G\$10 MILLION (US\$4 MILLION) EXPANSION OF ITS "THIRST PARK" BREWERY AND BOTTLING PLANT, CONSISTING LARGELY OF A NEW BOTTLING PLANT. BANKS HAS BEEN IN TOUCH WITH SEVERAL SUPPLIERS, BUT PREFERS BARRY-WEHMILLER OF ST. LOUIS, MISSOURI, A MANUFACTURER OF EQUIPMENT FOR THE BREWERY AND BOTTLING INDUSTRY. ACCORDING TO D'AGUIAR, THE EXIM BANK HAD NOT BEEN ENCOURAGING TO N-

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FORMAL INQUIRIES FROM BARRY-WEHMILLER'S BANKERS. HE ADDED THAT HIS FIRM WAS NOW CONSIDERING OFFERS FROM TWO OTHER FIRMS, ONE IN THE FRG AND THE OTHER IN BRAZIL, WHICH ALLEGEDLY ARE ABLE TO SECURE EXPORT FINANCING ON "EXCELLENT TERMS". HE ASKED IF THE EMBASSY MIGHT FACILITATE EXIM BANK APPROVAL OF BARRY-WEHMILLER'S REQUEST FOR FINANCING.

2. THE EMBASSY RESPONDED THAT BARRY-WEHMILLER WOULD NEED TO MAKE FORMAL APPLICATION, DIRECTLY OR THROUGH THEIR BANK. WHILE THE EMBASSY WOULD BE HAPPY TO SUPPLY ANY BACKGROUND INFORMATION REQUIRED BY THE BANK, IT WAS STRESSED THAT THE EXIM BANK IS AN INDEPENDENT AGENCY AND ITS DECISIONS ARE MADE ON ECONOMIC GROUNDS. MR. D'AGUIAR WAS CAUTIONED THAT APPROVAL OF ANY APPLICATION BY THE EXIM BANK DEPENDS ON COUNTRY RISK, AS WELL AS COMMERCIAL CRITERIA.

3. ON AUGUST 25, WILLIAM H. TRIPP, BARRY-WEHMILLER'S MARKETING DIRECTOR, VISITED THE EMBASSY TOGETHER WITH BANKS REPRESENTATIVES TO DISCUSS THE SAME QUESTION. TRIPP ADDED THAT PAT MATHEWS, GOVERNOR OF THE BANK OF GUYANA (THE GUYANESE CENTRAL BANK), WILL WRITE TO EXIM BANK IN SUPPORT OF THE TRANSACTION, NOTING THE CONDITIONS UNDER WHICH THE BANK WOULD GUARANTEE THAT FOREIGN EXCHANGE WOULD BE MADE AVAILABLE. EMBASSY SUGGESTED THAT IF THE GOVERNMENT IS BEHIND THE PROJECT, BANKS DIH MIGHT GO ONE STEP FURTHER AND SECURE A GOVERNMENT GUARANTY ON THE LOAN FROM THE MINISTRY OF FINANCE. TRIPP ALSO POINTED OUT THAT, ALTHOUGH BANKS DIH DOES NOT EXPORT ITS PRODUCTS, THE PROJECT WOULD GENERATE LONG TERM SAVINGS ON FOREIGN EXCHANGE BY DECREASING PRESENT NEED FOR CONTINUAL IMPORT OF EXPENSIVE SPARE PARTS.

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4. COMMENT. BANKS DIH IS PROBABLY ONE OF THE STRONGEST AND MOST PROFITABLE FIRMS IN GUYANA. SALES ARE IN EXCESS OF G\$63 MILLION (US\$24.7 MILLION) AND ARE PROJECTED TO INCREASE TO G\$100 MILLION (US\$39.2 MILLION) IN 1978. BETWEEN 1974 AND 1977 AFTER TAX PROFITS DOUBLED FROM G\$1.3 MILLION TO G\$2.1 MILLION (US\$500,000 TO US\$820,000). DWYER

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